

# Outside the BOX: The five

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Leaders of winning organizations will tell you that getting to the top is one thing, but staying there is a much more difficult task. Sustained excellence is a two-edged sword — the rewards can be substantial, but those benefits are obtained on the back of continuous

effort, diligence and sweat equity. There are certainly more elegant analyses of this phenomenon, but my version is this — excellence doesn't take a day off. A quick side note, the only way for organizations to be excellent is to make sure that people take time to reinvigorate.

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Favorable markets create substantial opportunities for enhanced profitability, but there is a dark side to prolonged strong prices — organizations have a tendency to become less disciplined. During the past 10 to 15 years, the cow-calf business has experienced historic sustained profitability; however, as is always the case with commodity markets, there will be a downturn. The last third of 2015 saw the significant market corrections that were most assuredly to come.

“The hungry wolf hunts the best” is an axiom of substantial truth, and as the cow-calf business enters a phase of dealing with narrower margins, it will be important to once again become an efficient hunter.

## **Asking the hard questions**

In the book *The Five Most Important Questions You Will Ever Ask About Your Organization*, Peter Drucker challenges business leaders to stay focused on these big questions:

- What is the mission and purpose of the enterprise?
- Whom do we serve?
- What does the customer value?
- What do our current results tell us?
- What is the plan for moving forward?

Mission is not to be taken lightly nor does it have to be written perfectly. Knowing the mission is more than outlining the “what” of a business venture — it is understanding, articulating and communicating the “why.” When teams are aligned to purpose and committed to living deeply held shared values, then beating the odds becomes not only possible but probable.

Without a clear sense of mission, organizations lurch from task to task, sometimes making progress but never accomplishing goals with the highest degree of effectiveness and profitability. Strong leaders allocate time, energy and resources to assuring that the mission is clearly defined, effectively communicated and ever present in the workings of the organization.

Enterprises exist to serve clientele. Thus, a fundamental issue to be addressed is to clearly identify the

client(s) to be served. Depending on the mission and values of the organization, the list might include family, employees, communities and, of course, the customer. While knowing the customer seems elementary; in the commodity business it is indeed a complex knot to unravel.

Ultimately, the cow-calf industry serves those who purchase beef as part of their dietary choices, but most cow-calf producers will rarely come face to face with beef consumers or even those in the supply chain beyond the boundaries of the farm or ranch. In practice, the customer is likely to be a feeder or stocker operator when offspring are sold as calves or yearlings.

This question is worthy of discussion within any enterprise and it should be revisited from time to time as a means of making sure that subtle shifts in demographics or markets haven't changed the customer target.

What does the customer value? There are two basic role models to answering this question — Carnac the Magnificent and Sherlock Holmes.

You might remember the fortune-teller character created by Johnny Carson on *The Tonight Show*. When strategies are founded on what we believe our customers need, there is near certainty of estimating incorrectly. Assumptions about customers should be replaced with a robust approach of engagement and interaction.

Sherlock Holmes, on the other hand, was an astute observer who applied a process of inquiry to solving mysteries. His approach was decidedly evidence-based. He never stopped at the surface, but always dug a little deeper in search of the truth. In short, don't guess. Ask!

The fourth question deals with measuring financial and productivity performance. While most of the evidence to be examined will be numerically measurable; qualitative measurement should not be ignored. Metrics focused on the financial health of an enterprise provide exceptional value, but understanding the context, subtle trends and storyline within the data is equally important.

The same is true for productivity measures. While the overall pregnancy rate trends of a herd provide a macro-level view of reproductive rates, there is tremendous value in understanding the components of the whole — trend lines by age of dam or sire group may well paint a much more detailed picture. A particularly useful process is to determine the metrics that provide the most value to the health of the business.

Finally, determining the path forward is mission critical. Drucker suggests that there are five critical elements to planning:

- abandonment — decide what doesn't work;

- concentration — focused effort on what does work;
- innovation — identifying what it will take to win in the future;
- risk taking — strategic identification of risks to be taken; and
- analysis — understanding what we

don't know and then filling the gaps with information.

Sustained excellence is never happenstance; it is always the result of deliberate and dedicated effort. However, excellence is within reach for those willing

to confront difficult questions and to take action as a result.



**Editor's Note:** Tom Field is director of the Engler Agribusiness Entrepreneurship Program at the University of Nebraska–Lincoln.